

Chapter 5 – Construction Work-in-Progress

Introduction Construction Work-in-Progress (CWIP) processes

Construction Work-in-Progress (CWIP) is a holding account that captures the expended detailed costs incurred in the design and construction of buildings and structures (general PP&E) meeting the Service's capitalization rules and threshold. At the point when the building or structure is usable, even if the construction contract remains open, the value of costs accumulated in CWIP to date associated with the building or structure is moved into a real property general ledger asset account. For more information on the timing of a real property asset considered complete under CWIP purposes and how to handle residual amounts accumulated after initial capitalization, see *D. Completion of Assets*, 75.

CWIP is an integral part of the Real Property Inventory (RPI). Accounting CWIP should capture the costs for each real property item incurred during construction. Once completed, the total costs recorded in CWIP are recorded in the RPI as recorded cost. The recorded cost in the RPI must match the CWIP amount in the FFS general ledger. If account balances differ, the Service must reconcile and determine the cause of the differences.

In addition, since accumulated costs in CWIP represent actual cost of the property, this value should be used as a basis to establish the acquisition cost (or improvement cost if the work is related to an improvement) of the property in the RPI.

Select any of the following topics to learn more about CWIP processes:

- A. CWIP Responsibilities and Process
- B. FFS Project Numbers and Capitalized Project List (CPL)
- C. Capitalized Project List Review
- D. Completion of Assets
- E. Stewardship Asset Project List

A. CWIP Responsibilities and Process

Introduction CWIP responsibilities and process

The organizations responsible for CWIP Process include:

- The Washington and Regional Program offices and field stations
- The Regional Engineering Office (REO)
- The Regional Budget and Finance Officer's (BFO) office
- The Division of Financial Management (DFM)

Each of the offices has the following responsibilities:

POLICY Washington and Regional program and field offices

The Washington and Regional Program offices and field stations are responsible for identifying construction, deferred maintenance and other projects to build or improve a real property asset. Once the construction projects are established, the offices will work together with their Regional BFO and REO in determining whether the scope of the project meets the capitalization rules and threshold.

☞ Each Region should establish a process within their organization that best facilitates the development and updating of the Capitalized Project List (CPL).

The Regional Program office will enter new property items (identified through CWIP) into the RPI at the same time the FFS project is identified on the Region's CPL. Financial information will not be included at the time and the asset will be identified in the RPI as capitalize exclude *Construction Work in Progress*. To set up a real property asset under construction in the RPI, see *F. How to Enter Data for Constructed Assets*, 49.

☞ The BFO oversees the completeness of cost documentation is complete and facilitates the reconciliation of CWIP balances to the RPI.

POLICY Regional Engineering Office (REO)

REO is responsible for coordinating the assigning of FFS project numbers in the Construction Appropriation (budget subactivities 26XX, 28XX, and 29XX) which contain real property assets identified by the Washington or Regional Program offices that will likely meet the capitalization rules and threshold. Field stations will notify the REO if a 26XX, 28XX or 29XX funded project is placed in service prior to the final payment on the contract. When the asset is available for, or placed into service, the REO will gather the cost documentation and provide it to the BFO for review and reconciliation with the CWIP account.

This documentation will include FFS project reports, internal engineering budget reports, contractor invoices and payment histories, and direct engineering costs.

Once the asset is placed in service, the cost documentation will be gathered by the REO for 26XX, 28XX, and 29XX budget subactivities, by program staffs for all other subactivities (1262, 1313, etc.), and provided to the BFO for review and reconciliation with the CWIP balance. Once the documentation is complete and verified, the financial information will be entered into the RPI by the BFO and the DFM will be notified of the completion of the RPI asset and the need to adjust the respective CWIP account accordingly.

POLICY

Regional Budget
and Finance
Officer (BFO)

The Regional BFO is responsible for receiving information on the nonconstruction appropriation funded projects from the Regional program offices. The Regional BFO will:

- Identify and ensure correct FFS project numbers are assigned to those projects, which contain real property assets that will likely meet the capitalization rules and threshold.
- Work with the Program staffs to track project status and determine when the asset is placed in service. Once the asset is placed in service, the cost documentation will be gathered by the REO for REO-managed deferred maintenance projects.

For non-REO managed and non-construction appropriation funded projects, the BFO will work with the responsible Regional Program to obtain cost documentation. The BFO will review the cost documentation and reconcile the documented balance with the CWIP balance. Once the documentation is complete and verified, the BFO enters the financial information in the RPI, and notifies DFM of the RPI addition and the requirement to adjust the CWIP account accordingly.

POLICY

Division of
Financial
Management
(DFM)

The DFM receives the Regional CPL and ensures the FFS projects are properly posted to CWIP in the Service's general ledger. DFM assists the BFO to reconcile FFS CWIP costs to the record cost entered in the RPI. DFM oversees the process to ensure the RPI financial entries are accounted for in FFS.

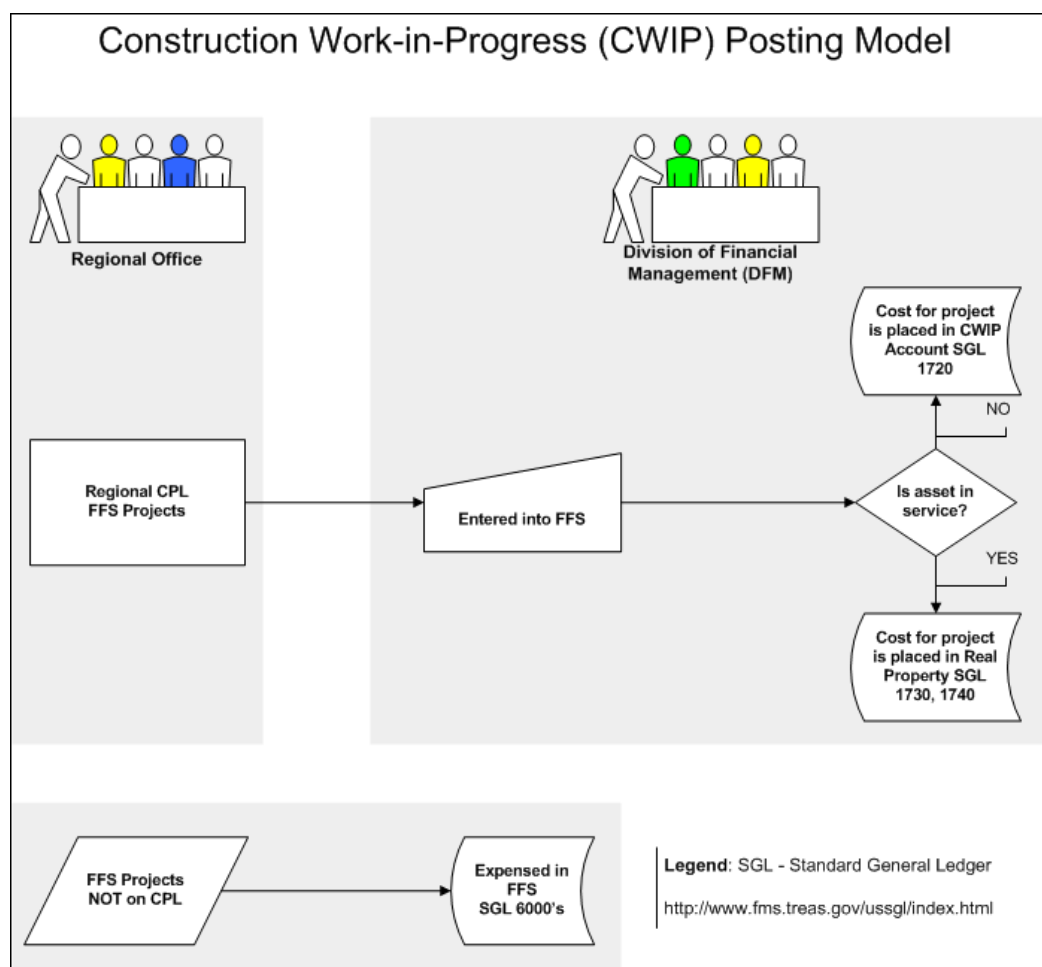


Figure 1. Construction Work-in-Progress (CWIP) Posting Model

B. FFS Project Numbers and Capitalized Project List (CPL)

GUIDANCE

Identification of
Federal Financial
System (FFS)
project numbers

To track CWIP costs, each Region maintains a Capitalized Project List (CPL). See *Fig. 2. Capitalized Project List (CPL) Process*. The CPL is a list of Federal Financial System (FFS) project numbers containing all current and proposed projects with real property assets that will likely meet the capitalization rules and threshold of \$100,000. Generally, capitalized construction projects (regardless of appropriation), budgeted for \$70,000 or more (not including engineering costs), should be on the list to ensure compliance with the capitalized threshold level of \$100,000.

Projects that contain costs for construction, replacement or expansion of new or existing buildings or structures, exceeding the capitalization threshold, should be on the CPL. Costs for improving leased space should be separately noted on the CPL. Refer to the following example identifying the types of projects that should be capitalized and listed on the CPL.

Projects that contain costs for repairs, maintenance, feasibility studies, indirect or administrative costs, stewardship asset costs, and demolition costs should be expensed and NOT on the CPL. These costs are to be expensed as incurred. However, if the demolition and feasibility studies were planned as part of a construction project, these costs should be capitalized.

Capitalized Project List (CPL) Process

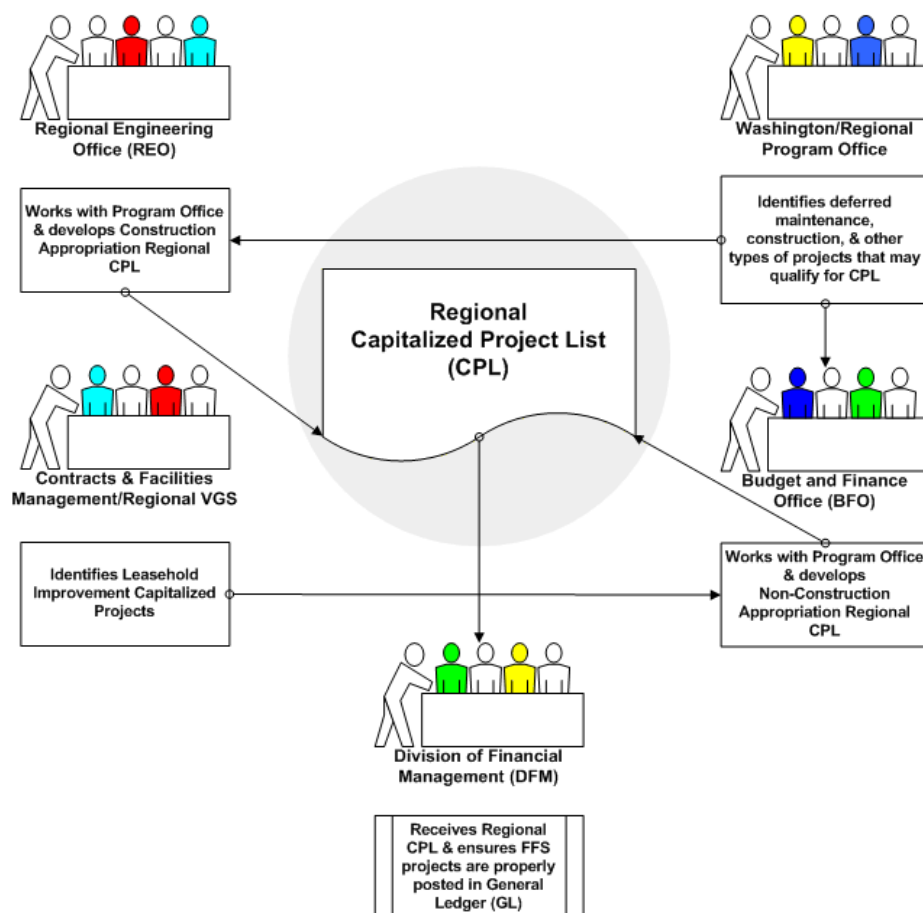


Figure 2. Capitalized Project List (CPL) Process

EXAMPLE

What types of projects should be on CPL

For projects exceeding the \$100,000 threshold:

Projects	Is considered	Place on CPL	
		YES	NO
Replacing the gravel surface with gravel on a road or parking lot	Maintenance		✓
Changing a road surface from gravel to asphalt on a road or parking lot	Capitalized improvement	✓	
Replacing an asphalt shingle roof with a new asphalt shingle roof	<u>Not</u> capitalized improvement		✓
Replacing an asphalt shingle roof with a new slate or standing seam metal roof	Capitalized improvement - <i>Making an improvement to the building</i>	✓	
Replacing sections of pipe for a water distribution or sewer collection system	Maintenance - <i>If you are not increasing the size of the pipe</i>		✓
Replacing sections of pipe with larger diameter pipe to increase capacity	Capitalized improvement	✓	
Upgrading the structural components of a building to meet current seismic codes, but the upgrade does not increase the building size or extend its useful life	Maintenance		✓

GUIDANCE

Identification of FFS project numbers and new assets

Each Washington and Regional Program office in coordination with their Regional BFO or REO must determine the scope, the estimated cost, and the funding sources of each construction, deferred maintenance, and lease improvement projects at its inception prior to incurring costs on the project. The scope should include:

- The type of construction (i.e., replacement, addition, new construction, etc),
- The assets to be constructed or improved, and
- The cost of the assets.

During this process, it may be difficult to identify all assets due to unforeseen modifications or secondary assets that will later be determined as a separate property item. However, if the type of construction and cost of the primary assets meet the capitalization rules and threshold, the FFS project numbers must be listed on the Regional CPL. If part of the construction uses a funding source or Service labor with a generic FFS project number (such as 12610000 or 13110000), the Program staff must establish a unique project number to capture the capitalized cost.

PROCESS
How CWIP
property are
entered into the
RPI by Regional
program office

In addition, the Regional Program staff will enter new property items or improvements into the RPI at the beginning of the construction phase. To set up a new asset in the RPI during the CWIP phase, at the minimum, the Regional office will provide the following information on the proposed/constructed asset:

Property Description	Add "CWIP" as part of the description for Property Description.
Construction Year	Leave Construction Year field blank.
RO Notes	Include the FFS project numbers of the property in the Regional Notes section of the RPI.
FFS Project Number	Include the FFS project numbers of the property in the FFS Project Code field of the RPI Finance page.
Acquisition Cost and Acquisition Date	Leave the Acquisition Cost and Acquisition Date fields blank in the RPI Finance page. This value will stay blank until property is placed in service and capitalized as a real property asset.
Asset Type	Select the appropriate asset type.
Capitalize Exclude	Select Construction Work in Progress in the Capitalize Exclude field. See <i>Example. CWIP Property in the RPI</i> , 29.

To set up a capital improvement to an existing asset in the RPI during the CWIP phase, the Regional office will create a subasset to the existing asset and provide the following information on proposed subasset at a minimum:

Improvement Description	Add "CWIP" to the Improvement Description field as part of the description.
Improvement Date	Leave Improvement Date field blank.
FFS Project Number	Include the FFS project numbers of the construction project in the FFS Project Code field.
Improvement Cost	Leave Improvement Cost field blank.

☞ Projects that will likely have capitalized assets are to be identified and entered on the list prior to any costs being incurred. This step is critical to avoid time-consuming reconstruction of past costs and FFS adjustments in determining the property's actual cost. Any project that is not on the CPL will be expensed.

EXAMPLE

CWIP Property
in the RPI

FileMaker Pro - [FWSRPI.fp5]

File Edit View Insert Format Records Scripts Window Help

Find Find All Export Sort List Print Quit Goto Omit US Fish and Wildlife Service

Spell Check switch view

Real Property Inventory System

RO Financial data for capitalization and depreciation purposes

Carson NFH Replacement Cost \$560,650.00 Finance error check

Asset Code Water Control Structures

Property Description WATER CONTROL STRUCTURE Tye Springs by paddle

Mark for Delete? No Asset Number 10002482

Delete reason

Acquisition Type Acquisition date (mm/dd/yyyy) Construction Year USEFUL LIFE useful life calc

Constructed 4/1/1953 1953 20 20

AcqCost \$2,500.00 ImproveCost RecordedCost \$45,521.00

DEMOLISH No Age 50 PpeType General HeritageAsset Yes No RetiredAsset Yes No

Date Asset disposed or Retired DISPOSTYPE

CAPITALIZE EXCLUDE Fully depreciated asset FFSProject Code

Historical Preservation Officer Notes RECDATE 6/9/1999

FinanceDocType

RONOTES

property description, construction material, acquisition type, acquisition date, construction year, doi asset code and demolish, must be filled out to get the stop sign to go away. Or if conyear > acqyear, the stop sign will appear.

Records: 44482
Found: 389
Unsorted

Portal to create sub assets for improvements to existing assets.

[Click here to Create New Sub Asset Record](#)

AssetNum	subassetnum	Improvement Date	Improvement Cost	Improvement Desc	FFSProj code	MarkForDelete	Reason
10002482	10002482.01	8/1/1998	\$43,021.00	Metal bldg cover w/infrared heating			

Sum Improvement costs \$43,021.00

Figure 3. CWIP Property in the RPI Screen

GUIDANCE

Capitalized Project
List (CPL) item
requirements

At the minimum, the CPL should contain the following information:

- Federal Financial System (FFS) project number(s)
- Estimate fund target and/or project amount
- Status of project (i.e., in design, under construction, in service but not complete, complete, inactive)
- Estimated placed in service date
- Asset number
- Type of construction (new construction, an addition to an existing asset, or capital improvement on existing asset)

Regional offices have the ability and discretion to add more information to their list, such as contract number, project manager, or other types of identifier.

EXAMPLE

Capitalized Project
List (CPL)

The following example shows how a CPL is presented:

Capitalized FFS Project	Status	Estimated In Service Date	Asset Number	Type of Construction
2810E9AA	In design	July 2006	10050333	New
2821E9BB	Under construction	August 2004	10061001, 10061002	New
2821E9CC	In service, not complete	March 2004	10050291, 10050361, 10050380	New acquisition cost added in the RPI

2821E9ZZ	Inactive-awaiting future funding for construction	Not known	10007826	New
12629AAA	Under construction	June 2005	10020515	Replacement
12619AAA	Under construction	June 2005	10020515	Replacement
12629315	Under construction	August 2005	10000131	Addition
13139BBB	Complete final payment made	January 2004	10015678	Improvement final cost added to the RPI

GUIDANCE


Projects funded from multiple sources

A real property asset may be funded through several budget subactivities and project numbers. However, **using multiple project numbers on any project is discouraged.** However, given the FFS requirements to use FFS project fields for financial reporting purposes, project number fields are not always available for CWIP tracking. The Regional Program office should strive to ensure within FFS limitations that all funding sources for the capitalized assets have a unique FFS project number and are listed on the CPL.

GUIDANCE

Multiple assets for one project

When multiple assets will be constructed under one or a series of FFS project numbers, the managing Regional organization (REO for Engineering-managed projects and the Regional Program for non-REO managed projects) should ensure procedures are in place to allocate all costs, such as construction costs, engineering services, and Service labor for construction and inspection. To ensure construction costs are properly allocated, the managing Regional organization should include as part of the construction bid package a requirement that the contractor provide the actual cost of each identifiable asset. A contractor's general condition costs should be prorated to each asset. The prorating should be based on one asset's cost divided by the total cost of the entire project. See *D. Completion of Assets, Example – Allocation of Project Costs, 75*.

 The total amount spent on the construction project must equal the sum of the amounts allocated to each asset including noncapitalized assets.

For additional information on allocations, see *D. Completion of Assets, 75*.

GUIDANCE

Nonservice owned constructions

Costs that are moved into the CWIP account should be for real property assets that will be a part of the Service's RPI. With a few exceptions, if the property is not Service owned and will not be in the RPI, the new construction or improvement costs should not be in the CWIP account.

For example, the Service enters into a reimbursable agreement with the Bureau of Reclamation (BOR) to construct and operate a fish hatchery. However, BOR owns the land and under the agreement owns the fish hatchery. Since the fish hatchery is BOR-owned and the property will not be a part of the Service's RPI, the projects should not be included on the CPL. Proper project accounting will still be necessary to provide BOR their cost of the hatchery.

The exception to this rule is for agreements that specify the property is to be transferred to the payee or grantee upon completion of the project. In this case, the FFS project number should be on the CPL and the costs in the CWIP account. Upon completion, the Regional office will show on the CPL that the project is complete and the property was transferred to another entity. Due to reporting requirements, the Regional office must specify in the RPI Regional Notes, the transferee as either the name of the Federal agency, a State or local government entity, or a private entity.

GUIDANCE

Maintenance and capitalized improvement activities within same FFS project number

Service organizations should refrain from mixing maintenance and capitalized improvement activity within the same FFS project number. In addition, service organizations should not record new construction of capitalized and noncapitalized assets within the same FFS project number. In certain instances, due to cost overruns and scarce funding sources, this commingling may be unavoidable. When this occurs, the FFS project number should be placed on the CPL and noted as a mixed use project.

The BFO, working with the managing Regional organization, must review the cost within the FFS project number at least quarterly and disclose the transactions to be expensed and capitalized during the period. Regional offices may use the Service Asset Maintenance Management System (SAMMS) or DFM's DataMart to assist them in determining the maintenance (noncapitalized) and capitalized portion of the FFS project number.

GUIDANCE

Leasehold improvements

If Service funds are paid for improvements to leased space and meet the capitalization rules and threshold of \$100,000, these costs must be capitalized. However, if the improvements are paid to GSA or the lessor as part of the rent costs over the life of the lease, then the costs are not capitalized. The Regional BFO should check with CGS to determine if any leasehold improvements are planned and whether Service funds will be paid up front for leasehold improvements. If so, the Regional Program office should establish a unique FFS project number to capture the leasehold improvement costs. The project number must be listed on the CPL and noted as a leasehold improvement.

GUIDANCE

Inactive construction projects

Capitalized construction projects that are on hold due to financial, legal, political or other reasons must be maintained on the CPL and noted as inactive. DFM will take the costs in FFS related to the inactive project and transfer it to a subcategory of CWIP called *Construction in Abeyance*. The RPI will not have a separate exclusion for this category.

As long as the Service has an intention to continue with the project, the cost will remain in the CWIP account. If the Service decides to abandon the project, the Regional office will note the change under the change on CPL. DFM will then expense the cost out of the CWIP account.

C. Capitalized Project List Review

GUIDANCE

The Capitalized Project List (CPL) review

Once the Regional office has compiled and reviewed their CPL, the list is forwarded to the DFM.

☞ Regional offices are no longer required to review each transaction in CWIP unless the FFS project number is a mixed use (maintenance, noncapitalized and capital improvement activities) project. If the Regional office discovers an error on the CPL, the Regional office should update the CPL immediately and forward it to DFM.

PROCESS

Due date requirements

Regional offices may update their CPL on an ongoing basis. Therefore, as FFS project numbers are identified and added to the list or a real property item is placed in service, the Regional office may make the change immediately to the CPL and provide the information to DFM.

At a minimum, Regional offices must update and verify their CPL at least once each quarter and monthly during the fiscal year fourth quarter. The CPL due dates to provide their updated CPL include:

- December 10 for 1st Quarter Report
- March 10 for 2nd Quarter Report
- June 10 for 3rd Quarter Report
- July 10 for July Month-End Report
- August 10 for August Month-End Report
- September 10 for Fiscal Year-End Report

☞ DFM will send a reminder to the Regional BFO and REO two weeks prior to each due date.

PROCESS

CPL review

DFM will perform the following actions with the CPL:

- For those projects on the list but not complete, DFM will post all transactions for those project numbers in the Service's general ledger CWIP account.
- For those projects shown as complete, DFM will move project cost in CWIP general ledger account to a general ledger real property account. See *D. Completion of Assets*, 75.
- For those projects not shown on the CPL, these costs will be expensed and not shown in CWIP.

☞ The Regional Program and field staff should ensure that their time and other costs are properly recorded to the correct FFS project number.

Special attention will be needed for assets funded by multiple subactivities, and for subactivities that are in use where FFS project numbers are not available because they are being used for other financial purposes.

D. Completion of Assets

GUIDANCE

Asset placed in service
ACQDATE

Real property assets under construction will remain in CWIP until the property is placed in service. The term “placed in service” means upon first use or occupancy of the asset even though the contract remains open and final payment may not have been made.

Once the asset is placed in service, the Regional Program office will notify the REO or BFO (depending on the funding account) that the asset is now in service. The cost documentation will be gathered by program staffs and the REO for review and reconciliation with the CWIP balance. Once the documentation is complete and verified, the financial information will be entered into the RPI by the BFO. The Regional office will continue to list the applicable FFS projects on the CPL. The Region should add a note under the Status column as “in service, not complete” and the acquisition or improvement cost to each asset number. The project should remain on the CPL until final payment has been made on the project.

GUIDANCE

Recorded cost in the RPI

The recorded cost in the RPI should reflect the actual cost of the asset, original acquisition plus improvement costs, as captured through the CWIP account. Variances between the number entered in the RPI and the amount shown in CWIP will cause the RPI and FFS balance sheet to be out of balance. DFM will perform periodic analyses and alert the BFO to that occurrence. DFM will assist in securing the cost documentation to identify and the correct CWIP/RPI difference.

When construction costs for multiple assets are within one FFS project number, the Managing Regional Organization and the BFO should ensure allocations of the property items total the entire project costs shown in CWIP. See *Example. Allocation of Project Costs to Assets* in *D. Completion of Assets*, 76.

In addition, if certain assets are complete while others are incomplete within the same project number, the Regional office should allocate the total cost to date among the assets. The placed in service assets are updated in the RPI, while the uncompleted assets remain in CWIP. Any residual costs relating to the placed in service assets should be updated in the RPI as incurred.

If the total cost of the property is below the \$100,000 threshold, the Regional office should enter the cost of the property in the Acquisition Cost field of the RPI. The Regional office will list the asset as capitalize exclude “Does Not Meet Capitalization Threshold.” On the next CPL update, the Regional office will note that the property was below the capitalization threshold.

EXAMPLE
Part 1 of 3
SCENARIO
Allocation of
project costs to
assets

On June 16, the BFO received the following information to allocate the acquisition cost for newly constructed property items:

- Construction contract for \$1.6 million to build a Refuge visitors center/office, and parking lot. Building an unrelated maintenance building about 0.5 miles from the visitors center was included in the contract. As part of the contract, the contractor will provide the cost of each component.
- Construction costs were paid through one FFS project number (2821E9CA).
- Engineering services were paid through one FFS project number (2810E9CA).
- Service labor for inspection and oversight was paid from one FFS project number (2821E9CB).
- The REO notified the BFO that the visitor center/office, parking lot, and attached components were accepted for use and placed in service on June 9. The maintenance building was placed in service on June 14. The REO explained that although the maintenance building is in service, it is not complete. The REO estimated that the maintenance building is 95% complete.

The contractor provided the breakout as the following:

Visitor's center/office	\$1,130,000	
Parking lot	\$ 210,000	
Maintenance building	\$ 247,000	To date
	\$ 260,000	Upon completion

FFS has the following balances in CWIP:

2821E9CA	\$1,587,000	Construction
2810E9CA	\$ 320,000	Engineering and design
2821E9CB	\$ 80,000	Inspection and oversight
Total	\$1,987,000	

EXAMPLE
Part 2 of 3
RESEARCH
and
ANALYSIS
Allocation of
project costs
to assets

The BFO checks the RPI and notices that the visitors center, parking lot, and maintenance building are in the RPI as “in CWIP.” The BFO discusses the project with the Regional FMC. The FMC determines that due to the different maintenance schedule for some of the components, certain assets related to the sewage treatment plant, the distribution lines, and kiosk must be listed separately. The Regional FMC or Regional program office RPI manager updates the RPI by deleting the “CWIP” reference in the property description and completing the other information in the record. The FMC also adds the kiosk, sewage treatment plant, sewage lines, and water distribution lines as separate assets in the RPI.

BFO requests the REO to perform an engineering cost review of the components attached to the visitors center. The REO determines the construction cost (as shown in Table 1) through the review and BFO prorates the engineering and inspection cost that total \$400,000 as follows:

Table 1. Allocation of Acquisition Cost

Property Item	Construction Costs*	Pct. %	Engineering Costs#	Inspection Cost^	Acquisition Cost
Visitors Center/Office	\$1,024,500	64.6	\$206,720	51,680	1,282,900
Sewage Treatment Station	35,000	2.2	7,040	1,760	43,800
Sewage collection lines	12,500	0.8	2,560	640	15,700
Water distribution lines	30,000	1.9	6,080	1,520	37,600
Kiosk	28,000	1.8	5,760	1,440	35,200
Subtotal for Visitors Center	\$1,130,000	71.3	\$228,160	57,040	1,415,200
Parking lot	210,000	13.2	42,240	10,560	262,800
Maintenance building	247,000	15.5	49,600	12,400	309,400
Total	\$1,587,000	100	320,000	80,000	1,987,000

* Represents construction cost from FFS project 2821E9CA. Cost breakout performed by contractor and REN engineering review of components.

Engineering costs from FFS project 2810E9CA. Breakout determined by the BFO based on cost allocation dividing construction cost for each property item by the total. For example, visitors center construction cost is \$1,024,000 divided by total construction cost of \$1,587,000 equals 64.6%. This percentage is used to prorate the engineering and inspection costs to the visitors center acquisition cost.

^ Inspection cost from FFS project 2821E9CB.

EXAMPLE
Part 3 of 3
ACTION
Allocation of
Project
Costs to
assets

The BFO enters the acquisition cost for each asset. For the sewage treatment station, sewage collection lines, water distribution lines, and kiosk, the BFO still enters the acquisition cost in the RPI, but also marks the Capitalize Exclude field as “Below Capitalization Threshold.”

The BFO then sends the updated CPL to the DFM showing the status of the project:

Table 2. Regional CPL to DFM WO

Capitalized FFS Project	Status	Estimated In Service Date	Asset Number(s)*	Type of Construction	Capitalize	Expense	Total
2821E9CA	In service, not complete	June	xxxxxxx	New - Acquisition cost added in the RPI	1,481,500	105,500	1,587,000
2810E9CA	In service, not complete	June	xxxxxxx	New - Acquisition cost added in the RPI	298,560	21,440	320,000
2821E9CB	In service, not complete	June	xxxxxxx	New - Acquisition cost added in the RPI	74,640	5,360	80,000
					1,854,700	132,300	1,987,000

* **Project 2821E9CA** – Capitalize \$1,481,500 (\$1,024,500 to Visitors Center; \$210,000 to Parking lot, \$247,000 to Maintenance building). Expense \$105,500 for properties below cap threshold.

* **Project 2810E9CA** – Capitalize \$298,560 (\$206,720 to Visitors Center; \$42,240 to parking lot, \$49,600 to Maintenance building). Expense \$21,440 for properties below cap threshold.

* **Project 2821E9CB** – Capitalize \$74,640 (\$51,680 to Visitors Center; \$10,560 to parking lot, \$12,400 to Maintenance Building). Expense \$5,360 for properties below cap threshold.

The DFM will verify the amounts in the RPI with the FFS information and ensure that the RPI and FFS cost information balance. DFM sends the information to DFM - Denver staff for entry in FFS that takes the cost out of CWIP to the applicable Buildings or Structure general ledger account.

The BFO will monitor the residual costs of these project numbers and adjust the acquisition cost for the maintenance building (since it was in service, but not complete) when final payment is made.

GUIDANCETiming of entry
in the RPI

Ensuring that the property is accounted for in the correct period of time is critical to avoid financial adjustments to the property records. For example, entering a property placed in service in FY2003 during FY2004 causes an adjustment to the financial property records. The property records shown in the FY2003 financial Statements are considered to be incomplete and understated. If the total of the adjustments are deemed material, the Service audit opinion may be affected and the management controls over property accountability may be cited as a control weakness.

The Regional office should update the RPI within 10 business days from the date the property is placed in service. The Regional office should delete the references to CWIP and ensure the **Capitalized Exclude field is blank** in the RPI. In addition, **the Acquisition Cost field should be updated to reflect the actual cost of the property item**. If an improvement, a subasset should be created and the ImproveCost field should be updated.

AcqCost		ImproveCost		RecordedC
DEMOLISH		Age		PpeType General
** Need actual cost **		** Keep this field blank **		
CAPITALIZE EXCLUDE				

The BFO has the option to notify DFM immediately of the property placed in service or wait until the next CPL update. For year end, all real property items that were placed in service during the fiscal year must be updated in the RPI by **September 10 of that fiscal year**. The BFO should contact DFM if problems arise in obtaining or calculating the information to update the RPI.

☞ For year end, all real property items that were placed in service during the fiscal year must be updated in the RPI by **September 10**.

GUIDANCEResidual costs
after in service
date

Generally, final payment has not been made when an asset is considered in service. If additional costs are to be incurred directly related to the asset's completion, the FFS project number should remain on the Regional CPL and note the status as "in service, not complete." As the final cost is incurred, the BFO must adjust the acquisition cost (or improvement cost for a subasset) to reflect the final value of the property item. Once final payment has been issued, the Regional office will show construction project is final on the CPL. DFM will remove that project from the Regional CPL.

E. Stewardship Asset Project List

GUIDANCE Stewardship asset project list

Stewardship assets are different in nature from general PP&E because they are assumed to provide intangible benefits to the Nation for an indeterminate duration. Stewardship assets and any improvements are expensed as costs are incurred. (See stewardship land section and DOI Real Property Guide, http://www.doi.gov/pfm/real_property_guide.pdf, for complete definition.) However, Federal accounting rules require that the Service would report the cost of acquiring, constructing, and improving stewardship land, including heritage assets.

GUIDANCE Identification of stewardship assets projects

Similar to the process in establishing the CPL, Regional offices will prepare a Stewardship Asset Project List (SAPL). The SAPL is a list of FFS project numbers containing all current and proposed projects with stewardship assets that, if it was general PP&E, would meet the capitalization rules and threshold of \$100,000. Therefore, projects that contain costs for construction of new stewardship assets that meets or exceeds \$100,000 should be on the SAPL. In addition, projects that contain costs for replacement or improvement of an existing stewardship asset meeting or exceeding the \$100,000 threshold should also be on the list. Repairs and maintenance to existing stewardship assets should not be included on the SAPL. See the example below for Stewardship Asset Project List (SAPL).

Similar to the CPL, Regional program offices should assist REO and BFO with stewardship asset projects that meet the above criteria. REO is responsible for providing the SAPL on projects within the Construction Appropriation. The BFO is responsible for providing the SAPL for the non-Construction Appropriations.

The Regional office does not need to enter new stewardship assets in the RPI during the construction phase. These assets should be added to the RPI at completion.

To support the costs as stewardship asset cost, the Regional office will link the FFS project number(s) to the RPI asset number if an existing asset. For audit purposes, the Regional office should maintain scope of project and type of asset under construction on new stewardship assets.

EXAMPLE Stewardship Asset Project List (SAPL)

FFS Project Number	Asset Number
2957E9GG	10037929
2971E9AQ	New – Replace Levee
2972E9AQ	New – Replace dikes
12629123	10047169